

**01923**

**1995/10/19**

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8. WU DESHENG, VICE DIRECTOR OF THE CHINESE MINISTRY OF CHEMICAL INDUSTRY'S DEPARTMENT OF INTERNATIONAL COOPERATION, SAID THAT CHINESE AND U.S. REPRESENTATIVES OF THE BOIC CHEMICALS SUBGROUP HAD AGREED TO A WORK PROGRAM FOR 1998. HE INDICATED THAT THE TWO SIDES AGREED TO COOPERATE ON TRADE PROMOTION ACTIVITIES. IT HAS BEEN AGREED THAT THE U.S. WILL SEND TWO DELEGATIONS TO CHINA, AND THAT THE CHINESE WILL ALSO SEND DELEGATIONS TO THE UNITED STATES IF TIME PERMITS. WITH REGARD TO A CHEMICALS SUBGROUP-SPONSORED TRAINING PROJECT, IT HAS BEEN AGREED THAT THERE MAY BE COOPERATION IN A COMPOSITE FERTILISER PROGRAM. TWO REMAINING PROBLEMS WHICH REMAIN INCLUDE: CONCERNS BY U.S. FIRMS ABOUT THE LEVEL OF DETAIL REQUIRED BY CHINA'S CHEMICAL REGISTRATION SYSTEM, AND THE QUESTION OF MARKET ACCESS AND EQUAL TREATMENT OF FOREIGN AND CHINESE FIRMS BY THE CHINESE GOVERNMENT.

9. MICHAEL COPPS, U.S. DEPARTMENT OF COMMERCE DEPUTY ASSISTANT SECRETARY FOR BASIC INDUSTRIES, AGREED WITH WU'S ASSESSMENT OF THE CHEMICALS SUBGROUP MEETING. HE ADDED THAT THE CHEMICALS SUBGROUP IS A PIONEERING SUBGROUP OF THE BOIC AND IS KNOWN FOR ITS AGGRESSIVE AND ENERGETIC AGENDA. HE THANKED THE CHINESE SIDE FOR PERMITTING U.S. PRIVATE FIRMS TO PROVIDE INPUT TO THE SUBGROUP.

#### ELECTRONICS SUBGROUP

10. TONG BAGAN, DEPUTY DIRECTOR OF THE CHINESE MINISTRY OF ELECTRONICS' INTERNATIONAL AFFAIRS OFFICE, SAID THAT SIX OF THE 18 WORK PROJECTS SIGNED AT THE 8TH JOCT PLENARY HAVE BEEN REALIZED OVER THE COURSE OF THE LAST YEAR. HE SAID THAT HE HOPED PROJECTS NO. 11 AND 12 CAN BE REALIZED BEFORE THE END OF 1998. HE COMMENTED THAT THE CHINESE WERE SATISFIED WITH THE PROGRESS OF THE ELECTRONICS SUBGROUP.

11. U.S. DEPARTMENT OF COMMERCE PRINCIPAL DEPUTY ASSISTANT SECRETARY ROBINSON ALSO PRAISED THE SUCCESS OF THE ELECTRONICS SUBGROUP. HE SAID THAT HE HOPED FOR EVEN GREATER SUCCESS DURING THE REMAINDER OF 1995 AND 1996. ROBINSON STATED THAT HE ALSO HOPED THAT THE AMBITIOUS SUBGROUP PLAN COULD BE SIGNED AT THE NEXT SUBGROUP MEETING.

#### ELECTRIC POWER SUBGROUP

12. DEPUTY DIRECTOR GENERAL LIU ZHAN OF THE CHINESE MINISTRY OF ELECTRIC POWER SAID THAT THE ELECTRIC POWER SUBGROUP HAD AGREED TO PROMOTE BILATERAL COOPERATION IN ELECTRIC POWER DURING 1998. U.S. DEPARTMENT OF ENERGY DEPUTY ASSISTANT SECRETARY FOR POLICY, JESSIE HARRIS, STATED THAT THE UNITED STATES HAD AGREED TO SPONSOR A NUMBER OF TRADE PROMOTION EVENTS DURING 1998 AS WELL AS BUILD UPON EXISTING INITIATIVES. SHE INDICATED THAT COAL TECHNOLOGY AND TRANSMISSION/DISTRIBUTION TRADE MISSIONS WILL BE HELD DURING THE FIRST HALF OF 1998, AND THAT A ROUND-TABLE ON ELECTRIC POWER TRADE FINANCING WILL BE HELD IN WASHINGTON IN SEPTEMBER 1998.

#### ENVIRONMENTAL SUBGROUP

13. CHINA ENVIRONMENTAL PROTECTION BUREAU SCIENCE DEPARTMENT DIRECTOR XIN SAI COMMENTED THAT THE BOIC ENVIRONMENTAL SUBGROUP WAS ONLY OFFICIALLY SET UP ON OCTOBER 17, BUT HAD HAD A NUMBER OF ACHIEVEMENTS ALREADY DURING 1995. THE UNITED STATES AND CHINA HAVE AGREED TO A

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DEPT PASS USTR FOR DWOSKIN/KLEIN, SANDS/LEHR

DEPT ALSO PASS REC FOR BOWMAN CUTTER

USDOC FOR ACTING U/S ROTHKOPF

USDOC ALSO FOR 4420/IEP/EAP/CEA/OFOREST

USDOC ALSO FOR 5130/ETA/IA/OP/AMHSU

E.O. 12358: N/A

TAGS: 88SR, 8710, ECON, ETRO, BEXP, EIMV, CH

SUBJECT: JOCT'S BUSINESS DEVELOPMENT AND INDUSTRIAL COOPERATION PLENARY SESSIONS OCTOBER 17

WORK PROGRAM FOR 1996. THE MOST IMPORTANT ELEMENT OF WHICH IS A PLANNED SEMINAR ON WASTE DISPOSAL. A NUMBER OF SEMINARS, INCLUDING A ROUND-TABLE DISCUSSION ON CHINA'S ENVIRONMENTAL AGENDA 21 ARE PLANNED FOR NEXT YEAR.

14. U.S. COMMERCE PRINCIPAL DEPUTY ASSISTANT SECRETARY ROBINSON REPLIED THAT THE UNITED STATES IS PLEASED TO SEE THAT CHINA RECOGNIZES THE IMPORTANCE OF THE ENVIRONMENTAL SECTOR. HE COMMENTED THAT THE U.S. SIDE OF THE ENVIRONMENTAL SUBGROUP HAD BEEN VERY INTERESTED IN CHINA'S ENVIRONMENTAL AGENDA 21 AND RIVER-RELATED PROJECT PRESENTATIONS.

#### MEDICAL PRODUCTS AND TELECOMMUNICATIONS

15. PRESENTATIONS WERE ALSO MADE BY CHINA'S STATE PHARMACEUTICAL BUREAU DEPUTY DIRECTOR GENERAL SHI XUAN AND MINISTRY OF POSTS AND TELECOMMUNICATIONS OFFICE OF INTERNATIONAL AFFAIRS DEPUTY DIRECTOR CHAI QIXILIAN. SHI STATED THAT THERE ARE ALREADY 120 U.S.-CHINA JOINT VENTURES INVOLVING THE PHARMACEUTICAL INDUSTRY, AND THAT HE HOPED COOPERATION IN THIS SECTOR WILL PROGRESS EVEN MORE SMOOTHLY IN THE FUTURE. CHAI STATED THAT THERE IS MUCH COOPERATION BETWEEN THE UNITED STATES AND CHINA ON THE PURCHASE AND SALE OF TELECOMMUNICATIONS EQUIPMENT.

#### PRIVATE SECTOR PARTICIPATION

16. PRIOR TO ALLOWING REPRESENTATIVES OF THE U.S. PRIVATE SECTOR INTO THE CONFERENCE ROOM TO ATTEND THE MEETING, THE U.S. AND CHINA CO-CHAIRS SIGNED A JOINT DOCUMENT OUTLINING ACCOMPLISHMENTS AND OBJECTIVES OF THE BOIC WORKING GROUP. U.S. CO-CHAIR VICKERY THEN INTRODUCED THE PRIVATE SECTOR PARTICIPANTS. HE STRESSED THAT IT IS ONLY THROUGH A STRONG AND CLOSE RELATIONSHIP WITH THE PRIVATE SECTOR THAT THE BOIC WORKING GROUP CAN REALIZE ITS FULL POTENTIAL. U.S. PRIVATE SECTOR REPRESENTATIVES INCLUDED EXECUTIVES FROM WESTINGHOUSE, JOHNSON AND JOHNSON, LEMNA CORPORATION (WASTE MANAGEMENT), EASTMAN CHEMICAL, PHILIPS PETROLEUM, SIGMA, ERM ENVIRONMENT, U.S.-CHINA TECHNOLOGY EXCHANGE, THE SOFTWARE PUBLISHERS ASSOCIATION, AND THE U.S. ELECTRONICS ASSOCIATION.

17. CHINA CO-CHAIR LIU SAID THAT HE WAS GLAD TO MEET WITH SO MANY REPRESENTATIVES OF FAMOUS U.S. CORPORATIONS. HE COMMENTED THAT CHINA IS WILLING TO COOPERATE IN THE FIELD OF TECHNOLOGY AND WANTS TO BUY U.S. EQUIPMENT. HE REITERATED THAT THERE IS GREAT POTENTIAL FOR U.S.-CHINA TRADE AND COOPERATION, BUT THAT HIGH TECHNOLOGY EXPORT CONTROLS HINDER THIS TRADE. HE STATED THAT MANY U.S. FIRMS WANT TO SELL HIGH TECHNOLOGY EQUIPMENT TO CHINA, BUT ARE UNABLE TO GET EXPORT LICENSES FROM THE U.S. GOVERNMENT. LIU CITED AS AN EXAMPLE NUCLEAR POWER PLANTS AND STATED THAT CHINA

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WANTED IN THE 1980'S TO BUY FROM WESTINGHOUSE, BUT WAS FORCED INSTEAD TO GO TO THE FRENCH. LIU SAID THAT THE UNITED STATES NEEDS TO MOVE AWAY FROM COCON EXPORT CONTROLS AND EXPAND HIGH TECHNOLOGY EXPORTS TO CHINA. THIS WILL EXPAND EMPLOYMENT IN THE UNITED STATES AND REDUCE THE U.S. BILATERAL TRADE DEFICIT WITH CHINA.

18. BILL ARCHIE, PRESIDENT OF THE U.S. ELECTRONICS MANUFACTURERS ASSOCIATION, AND RICHARD GASKINS OF WESTINGHOUSE EACH MADE BRIEF PRESENTATIONS TO THE BOIC PLENARY. ARCHIE STRESSED TO THE CHINESE THAT MOST MEMBERS OF HIS ASSOCIATION ARE SMALL SCALE FIRMS. HE STATED THAT TECHNOLOGICAL INNOVATION AND MARKET OPPORTUNITIES OFTEN COME FROM SMALLER FIRMS. CHINA CO-CHAIR LIU SAID THAT THE CHINESE HAVE NEVER TRIED TO LOOK DOWN ON SMALLER FIRMS. HE SAID HE WOULD BE OPEN TO ANY SPECIFIC SUGGESTIONS FROM THE U.S. SIDE -- PERHAPS THROUGH A LETTER FROM U.S. CO-CHAIR VICKERY AFTER THE JOCT PLENARY -- ON HOW THE CHINESE CAN BEST EXPAND CONTACTS WITH SMALL AND MEDIUM ENTERPRISES.

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19. RICHARD GASKINS STATED THAT WESTINGHOUSE HAS HAD FIFTEEN YEARS OF EXPERIENCE IN TECHNOLOGY TRANSFER IN CHINA. HE COMMENTED, HOWEVER, THAT CHINA'S GREAT NEED OF INVESTMENT CAPITAL TO FINANCE INFRASTRUCTURE PROJECTS COULD BE MORE EASILY MET IF CHINA IMPROVED ITS INVESTMENT CLIMATE FOR FOREIGN INVESTORS. LIU THANKED GASKINS FOR HIS FRANK REMARKS. HE STATED THAT CHINA HAS ALREADY MADE AND IS MAKING SUBSTANTIAL INVESTMENTS IN ITS ELECTRIC POWER INDUSTRY, AND CITED THE THREE GORGES PROJECT AS AN EXAMPLE. LIU COMMENTED THAT FOREIGN INVESTMENT IN CHINA SHOULD BE MUTUALLY BENEFICIAL TO BOTH SIDES.

20. THIS CABLE HAS CLEARED BY DEPARTMENT OF COMMERCE ASSISTANT SECRETARY VICKERY PRIOR TO HIS DEPARTURE FROM BEIJING. HALLFORD BT